

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF WESTERN) CASE NO. 99-070-O
KENTUCKY GAS COMPANY)

O R D E R

On December 21, 1999, in Case No. 99-070, the Commission approved rates for Western Kentucky Gas Company ("Western") and provided for their further adjustment in accordance with Western's gas cost adjustment ("GCA") clause.

On September 28, 2001, Western filed its GCA to be effective November 1, 2001.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Western's notice includes revised rates designed to pass on to its sales customers its expected decreases in wholesale gas costs. Western's expected gas cost ("EGC") for firm sales customers is \$4.6966 per Mcf, a decrease of 68.6 cents per Mcf from the previous EGC of \$5.3826. Western's EGC for both high load factor ("HLF") firm customers and interruptible sales customers is \$3.8455 per Mcf, a decrease of 68.6 cents per Mcf from the previous EGC of \$4.5315.

2. Western's notice sets out a current period refund factor ("RF") of .19 cent per Mcf. The total refund factor of .24 cent per Mcf for firm sales customers, HLF firm customers and interruptible sales customers reflects adjustments from prior periods.

Western's notice sets out no refund adjustment for T-2 firm and T-2 interruptible transportation customers.

3. Western's notice sets out a correction factor ("CF") of 15.22 cents per Mcf, which is effective from November 1, 2001 until February 1, 2002. The CF is designed to collect under-recoveries of gas cost for the 6 months ended July 31, 2001.

4. Western's notice sets out a Performance Based Rate Recovery Factor ("PBRF") of 6.02 cents per Mcf, which is effective from February 1, 2001 until February 1, 2002.

5. Western's gas cost adjustments are \$4.9066 per Mcf for firm sales customers, \$4.0555 per Mcf for HLF firm customers, and \$4.0555 per Mcf for interruptible sales customers. The impact on firm sales customers is a decrease of \$1.9573 per Mcf from the previous gas cost adjustment of \$6.8639. The impact on HLG firm customers and interruptible sales customers is a decrease of \$1.9573 per Mcf from the previous gas cost adjustment of \$6.0128.

6. The rates in the Appendix to this Order are fair, just and reasonable, in the public interest, and should be approved for final meter readings by Western on and after November 1, 2001.

IT IS THEREFORE ORDERED that:

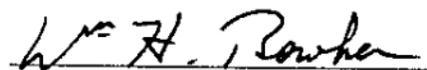
1. The rates in the Appendix to this Order are approved for final meter readings on and after November 1, 2001.

2. Within 20 days of the date of this Order, Western shall file with the Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 19th day of October, 2001.

By the Commission

ATTEST:


Deputy Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 99-070-O DATED OCTOBER 19, 2001

The following rates and charges are prescribed for the customers in the area served by Western Kentucky Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

Applicable to: General Sales Service Rate G-1

Gas Cost Adjustment

To each bill rendered under the above-named rate schedules there shall be added an amount equal to: \$4.9066 per Mcf of gas used during the billing period.

Applicable to: HLF General Sales Service

Gas Cost Adjustment

To each bill rendered under the above-named rate schedules there shall be added an amount equal to: \$4.0555 per Mcf of gas used during the billing period.

Applicable to: Interruptible Sales Service Rate G-2

Gas Cost Adjustment

To each bill rendered under the above-named rate schedules there shall be added an amount equal to: \$4.0555 per Mcf of gas used during the billing period.